CACADU DISTRICT MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS

for the year ended

30 June 2009

I am responsible for the preparation of these annual financial statements, which are set out on pages ____ to ____, in terms of Section 12(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 17.2 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

D M Pillay Municipal Manager	Date

CACADU DISTRICT MUNICIPALITY

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CACADU DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2009

	Note	2009 R	2008 R
Net Assets		247 805 999	208 529 584
Revaluation Reserve	1	73 279 604	47 506 916
Unappropriated Surplus	2	174 526 395	161 022 668
Non-current Liabilities		49 872 650	47 110 017
Long-term Liabilities	3	42 195	-
Post employment medical benefit	4	49 830 455	47 110 017
Current Liabilities		213 727 175	196 187 243
Short-term Portion of Deferred Income	3b	193 137 406	170 344 420
Short-term Portion of Long Term Liabilities	3a	52 392	122 679
Trade and other payables from exchange transactions	5	20 386 661	25 720 144
Provisions	10	150 716	-
TOTAL NET ASSETS AND LIABILITIES		511 405 824	451 826 844
ASSETS			
Non-Current Assets		83 940 283	58 238 607
Property, Plant and Equipment	6	70 306 217	54 552 660
Investment Properties	7	13 579 500	3 583 000
Long-term Receivables	9	54 566	102 947
Current Assets		427 465 541	393 588 237
Short-term Portion of Long-term Receivables	9	17 971	15 660
Trade and other receivables from exchange transactions	11	67 067	130 758
Other receivables from non-exchange transactions	11	1 718 481	7 056 022
VAT	12	17 735 445	4 829 850
Deposits paid	13	21 310	16 120
Cash and Cash Equivalents	14	407 905 267	381 539 827
TOTAL ASSETS		511 405 824	451 826 844

(Note : The Statement of Financial Position has been prepared in accordance with GRAP 1)

CACADU DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Note	Actual 2009	Actual 2008
		R	R
REVENUE			
Regional Services Levy- Turnover		-	-
Regional Services Levy- Remuneration		-	-
Rental		863 853	855 266
Investment Interest		42 737 659	22 437 022
Other Interest		223 693	185 382
Income for agency services		27 193	26 994
Government grants and subsidies	15	160 400 157	166 431 831
Tariffs and Charges		227 562	205 861
Property Rates		30 869	28 488
Other revenue	16	11 174 445	1 981 596
Total revenue		215 685 431	192 152 440
OTHER INCOME			
Gains on disposal of property, plant and equipment		1 000	2 915 996
Actuarial Gain on Valuation of post employment medical benefit		-	1 146 337
Total other income		1 000	4 062 333
Total Income		**215 686 431**	**196 214 773**
EXPENDITURE			
Employee related costs	17.1	27 388 171	24 330 977
Remuneration of Councillors	17.2	4 472 291	3 805 926
Contribution to bad debt provision		1 555 518	7 930 583
Bad debts written off		1 423 769	-
Collection costs		119 130	156 550
Depreciation		3 505 353	2 523 414
Repairs and maintenance		1 033 339	650 826
Finance cost	19	131 925	112 739
Bulk Purchases	20	12 621	13 238
Contracted services		3 115 212	2 514 672
Conditional Grant expenditure	21	93 469 207	106 296 645
Other Grants and Subsidies paid	21	9 443 194	6 033 000
General expenses-other		43 048 996	19 746 221
Discounting of post employment medical benefit.	4	5 472 548	4 494 833
Loss on disposal of property, plant and equipment		-	1 106 965
Cross subsidisation		-	44 756
Total Expenditure		**194 191 274**	**179 761 345**
Net Surplus/(Deficit) for the year		**21 495 157**	**16 453 428**

Refer to Appendix E(1) for explanations of variances

(Note: the income statement has been prepared in accordance with GRAP 1 and the budget formats)

CACADU DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Note	Revaluation Reserve	Unappropraited Surplus	Total
		R	R	R
Previously stated balance at 1 July 2007		49 585 807	122 689 655	172 275 462
Restatement of prior year errors.	**23**	-	15 154 187	15 154 187
Change in accounting policy.		-	-	-
Restated balance at 1 July 2007		49 585 807	137 843 842	187 429 649
2008		(2 078 891)	18 962 335	16 883 444
Net Surplus for the year		-	16 453 428	16 453 428
Total of other transactions on net assets for 2008		(2 078 891)	2 508 907	430 016
Capital purchases funded from surplus		-	85 566	85 566
Disposal of property transfers		(1 668 854)	1 668 854	-
Assets previous not included on Asset Register now included		-	344 450	344 450
Offsetting of depreciation.		(410 037)	410 037	-
Previously stated balance at 30 June 2008		47 506 916	156 806 177	204 313 093
Change in accounting policy.			-	-
Restatement of prior year errors.	**23**		4 216 492	4 216 492
Restated balance at 30 June 2008		47 506 916	161 022 669	208 529 585
2009		25 772 688	13 503 726	39 276 414
Net Surplus for the year			21 495 157	21 495 157
Total of other transactions on net assets for 2009		25 772 688	(7 991 431)	17 781 257
Transfer for purchase of asset		-	(1 140 850)	(1 140 850)
Revaluations		25 772 688	-	25 772 688
Transferred to operating account		-	(6 850 581)	(6 850 581)
Offsetting of depreciation.		-	-	-
Balance at 30 June 2009		**73 279 604.40**	**174 526 395**	**247 805 999**

CACADU DISTRICT MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	NOTES	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from regional services levies, government grants and subsidies and other income		177 474 879	172 976 626
Cash paid to suppliers and employees		(190 250 439)	(163 436 728)
Cash generated from/(utilised by) operations	24	(12 775 560)	9 539 898
Investment Interest		42 961 352	22 622 403
Finance cost		(131 925)	(112 739)
Capital from surplus		(1 140 850)	-
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		28 913 017	32 049 562
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment.		(3 742 764)	(3 407 282)
Proceeds on disposal of property, plant and equipment.		4 093 812	2 980 488
Decreases in long term receivables.		46 070	149 366
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		397 118	(277 428)
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance leases repaid		(28 093)	(548 405)
Increase/(Decrease) in deferred income		-	104 701 497
Outflow from post employment medical benefit.		(2 916 602)	(2 795 894)
NET CASH INFLOW/(OUTFLOWS) FROM FINANCING ACTIVITIES		(2 944 695)	101 357 198
NET INCREASE IN CASH AND CASH EQUIVALENTS		**26 365 440**	**133 129 332**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**381 539 827**	**248 410 495**
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**407 905 267**	**381 539 827**
	14	**(26 365 440)**	**(133 129 332)**

	2009	2008
	R	R

1 REVALUATION RESERVE

Land and buildings were valued at 30 June 2009 using the income capitalisation, comparable sales of sectional title office developments and comparable sales methods by Suid Kaap Waardeerders, a registered and independent valuator.

	2009 R	2008 R
The revaluation surplus is reconciled as follows:		
Balance at beginning of the year	47 506 916	49 585 807
Surplus realised	-	-
Balance on assets disposed of adjusted to surplus.	-	(1 668 854)
	47 506 916	47 916 953
Revaluation during the year	25 772 688	-
Adjustments	-	-
Off-set depreciation	-	(410 037)
Balance at the end of the year	73 279 604	47 506 916

2 UNAPPROPRIATED SURPLUS

	2009 R	2008 R
The unappropraited surplus is reserved for the following purpose:		
General	174 526 395	161 022 669
Amount set aside for depreciation recovery		
Total Reserves	**174 526 395**	**161 022 669**
The unappropraited surplus available cash is ring fenced for the following purposes:		
General	136 834 727	97 396 068
Capital financing	-	48 626 601
Allowance for impairment	12 920 677	-
Restructuring grant funds allocated to surplus	15 000 000	15 000 000
Total accumulated funds invested	164 755 404	161 022 669

		2009 R	2008 R
3	**LONG TERM LIABILITIES**		
3a	**Finance leases**		
	Finance leases	94 587	122 679
	Less: Short Portion transferred to current liabilities - Short term portion of long term liabilities	**(52 392)**	**(122 679)**
		42 195	**-**

The finance leases interest rate is constant at the prime rate applicable at inception date and is currently repayable in monthly instalments of R5 958 per month.

The total of the present value of the future minimum lease payments at the balance sheet date are :

	2009	2008
Within one year	52 392	122 679
Later than one year, but not later than five years	42 195	-
	94 587	122 679

The discounting rate was based on prime rate at the date of inception

All finance leases has a 0% escalation.

The contract with Sharp has no renewal period and is rented month by month after the end of the contract until a 30 day notice perios is given for collection.

The Gestetner and Panasonic contracts both have a 90 days notice period for termination of the contract. The renewal policy for Gestetner is on a month to month basis and for Panasonic on an annual basis.

Detailed information is available on Appendix A.

		2009	2008
3b	**Deferred income**		
	Conditional Grants from Government	181 248 832	167 388 879
	National Government Grants	96 242 198	126 890 376
	Provincial Grants and subsidies	85 006 634	40 498 503
	Conditional Third party Grants from Government	11 658 482	2 912 677
	Provincial Grants and subsidies - 3rd party	9 880 315	2 499 564
	Other	1 778 167	413 113
	Other donations	230 092	42 864
	Total Conditional Grants and Subsidies	193 137 406	170 344 420
	Less : Short term portion transferred to current liabilities	**193 137 406**	**170 344 420**
	Total Deferred income	-	-
	Total Long term liabilities	**42 195**	**-**

	2009	2008
	R	R

The Restructuring grant portion ring fenced for the reallocation of the Cacadu District Municipality Head Office was adjusted with R15 000 000 refer note 2

See **Appendix F** for a reconciliation of grants from National/Provincial Government. These amounts are fully invested until utilised.

		2009	2008
		R	R
4	**POST EMPLOYMENT MEDICAL BENEFIT**		
	Provision for Post Employment Medical Benefit	49 830 455	47 110 017
	Total Non-Current Provisions	49 830 455	47 110 017

The District Municipality's net obligation in respect of post employment medical benefits was calculated by Jacques Malan Consultants and Actuaries as at 30 June 2008. The provision was established for the purpose of generating interest that is utilised to fund the yearly medical scheme commitments in respect of post employment medical benefits. The expected future outflows is dependent upon the life expectancy of existing members and their spouses.

Valuation Method

Pre Retirement Benefit

The total value of the death in service benefit was calculated by discounting the future subsidies payable to dependants on the death of an employee. The expected increase in medical aid premiums and expected mortality for adults were taken into account.

Post Retirement Benefits

The post retirement value is the discounted value of the benefits which become payable after the retirement of the member. This benefit accrues over the working lifetime of the employee. The value shown is the proportion of the total value that has accrued up to the valuation date, assuming that the liability accrues uniformly over the member's working lifetime.

Accrued defined benefit obligation

The accrued liability was calculated by taking a pro-rata proportion of the total calculated value. This proportion is based on the past service of members relative to their prospective total service.

Current Service Cost

The Current Service Cost is based on the liability that is expected to accrue over the year preceding the valuation date.

Valuation Assumptions

Rate of Interest	
Medical Aid Inflation Rate	8.68% p.a.
Investment Return	10.18% p.a.

The investment return assumption has been based on the yield on the R186 South African government bond as at 30 June 2008 plus a risk premium of 1.25%.

Mortality Rates

Mortality for pre retirement benefits has been based on the SA 72-77 mortality table rated down three years for females and on the PA (90) ult. Mortality table for post retirement benefits.

Normal Retirement Age

The Normal Retirement Ages for the Municipality are 65 years for male employees and 60 years for female employees. An average retirement age of 63 years for male employees and 58 years for female employees has been assumed.

Spouse Dependents

It was assumed that 95% of current single male and female employees would be married at retirement. It was assumed that all employees who are currently married will be married at retirement. It was also assumed that a current employee is married if they have one or more adult dependents and that one of the adult dependents is the continuation member's spouse.

	2009	2008
	R	R

Gender

Where the gender of the members was unavailable, it was assumed that that the members are female, as this is considered to be more prudent.

Child dependents

It was assumed that child dependents complete their studies on average at the age of 21 years.

Withdrawals

Withdrawals from employment were taken into account according to the following

Age	Males	Females
20	10%	10%
30	7%	7%
40	3%	3%
50+	0%	0%

Medical Aid Contributions at Retirement

It is assumed that 90% of the members will remain members of the medical aid scheme after retirement and that members would be in the same contribution category in all future years as on the valuation date.

The above assumptions are consistent with the assumptions used in the previous valuation done at 30 June 2005.

Post Employment Medical Benefits

The movement in the post employment medical benefit is reconciled as follows:-

	2009	2008
Balance at beginning of year	47 110 017	48 241 644
Expected benefit Payments	(2 916 602)	(2 795 895)
Reflected on the statement of financial performance:		
Current service cost - included in general expenses	164 492	139 388
Discounting of post employment medical benefit (interest costs)	5 472 548	4 494 833
Actuarial (Gain)/loss	-	(2 969 953)
Balance at end of year	49 830 455	47 110 017

The estimated expected timing of resulting outflows of post employment medical benefits are:

	2009	2008
Within one year	3 388 100	3 537 600
Later than one year, not later than five years	17 399 782	18 167 548
Later than five years	29 042 573	25 404 869
Balance at end of year	49 830 455	47 110 017

The present value of the defined benefit obligation for the current annual period compared to the previous three annual periods are as follows:

Financial Period 2008/09	49 830 455
Financial Period 2007/08	47 110 017
Financial Period 2006/07	48 241 644
Financial Period 2005/06	49 461 662
Financial Period 2004/05	50 869 282

	2009 R	2008 R
Accumulative Actuarial (Gain) / Loss	**2009**	**2008**
Balance beginning of the year	(8 909 859)	(5 939 906)
Projected during the year	-	(2 969 953)
Accumulated balance at the end of the year	**(8 909 859)**	**(8 909 859)**

There were no actuarial gain/loss for 2008/2009

5 TRADE AND OTHER PAYABLES

Trade and other payables from exchange transactions

	2009	2008	
Classified as financial liabilities at amortised cost			
Trade creditors	215 288	162 838	
Sundry creditors	144 764	116 608	
Accruals	10 917 328	15 604 792	
Employee costs	387 120	222 754	
Total financial liabilities	11 664 500.00	16 106 992	
Other accruals and payables			
Payments in advance- RSC Levies	1 841	5 765	
Payments in advance- Other	9 214	4 828	
Payments in advance - Rietbron rates	17 213	-	
Payments in advance - Rietbron rates interest	245	-	
Payments in advance- Service debtors	5 288	4 626	
Payments in advance - Surety deposits	-	14 461	
Payments in advance	33 801	29 680	*
Unidentified deposits	41 407	46 585	
Accrued leave	1 845 924	1 476 447	*
Infrastructure projects from Levies	6 801 029	8 060 440	*
Total other accruals and payables	8 722 161	9 613 152	
Total trade and other payables from exchange transactions	**20 386 661**	**25 720 144**	
Taxes and transfers payable (non-exchange)	-	-	
Total Taxes and transfers payable (non-exchange)	**-**	**-**	
Total Trade and other Payables	**20 386 661**	**25 720 144**	

* Not financial liabilities

Normal terms of payment is 30 days and no amortisation was calculated.

The carrying amount of financial liabilities approximates their fair value due to their short-term nature except as hereunder.

Sundry creditors were adjusted with a prior year error to the amount of R27 346

Infrastructure projects from Levies were adjusted with a prior year correction to the amount of R 1 574 366

	2009	2008
	R	R

9 LONG-TERM RECEIVABLES

	2009 R	2008 R
Loans to Kouga Local Municipality	50 020	65 679
Staff loans	22 517	52 928
	72 537	118 607
Less : Short-term portion transferred to current assets	**(17 971)**	**(15 660)**
Total Long-term Receivables	**54 566**	**102 947**

Classified as a financial asset as Loans and receivables at amortised cost

The loan to Kouga Local Municipality is unsecured, bears interest at 14.25 % per annum and is repayable in 30 payments every six months.

Staff loans relates to study loans paid on behalf of employees for tertiary institutions in furthering their development. These loans are repaid monthly based on agreements with the applicable staff

10 PROVISIONS

	2009 R	2008 R
Performance Bonus	-	-
Contribution	150 716	-
Balance at the end of the year	**150 716**	**-**

11 TRADE AND OTHER RECEIVABLES

	2009 R	2008 R
Trade and other receivables from exchange transactions		
Rates	17 498	53 883
Services	218 469	1 164 439
Rental	1 882	7 886
Salaries and Wages	47 687	68 989
Accrued Rent	32 087	12 871
Total trade and other receivables from exchange transactions	317 623	1 308 068
Less: Allowance for doubtful debts	(250 556)	(1 177 310)
Net total trade and other receivables from exchange transactions	**67 067**	**130 758**

	2009 R	2008 R	
Trade and other receivables from non exchange transactions including taxes and transfers			
Levies	1 504 098	2 155 097	
Sundry Debtors	-	7 592	
Department of Housing (Housing Schemes)	8 026 342	8 608 281	
Nelson Mandela Metropolitan debtors bank deposits	8 989	75 313	
Nelson Mandela Metropolitan Municipality (Algoa House)	-	2 360 000	
PPE purchased prepaid	-	648 000	*
General	4 846 362	3 389 588	
Pre payments	2 811	-	*
Total non exchange trade and receivables	14 388 602	17 243 871	
Less: Allowance for doubtful debts	(12 670 121)	(10 187 849)	
Net total non exchange other receivables	**1 718 481**	**7 056 022**	

Allowance for impairment

	2009 R	2008 R
Balance at beginning of year	11 365 159	3 694 239
Restatement of the allowance for doubtful debts	1 555 518	7 670 920
Balance end of year	**12 920 677**	**11 365 159**
Transferred Trade and other receivables from exchange transactions	(250 556)	(1 177 310)
Transferred to Trade and other receivables from non exchange transactions including taxes and transfers	(12 670 121)	(10 187 849)
	-	-

* Not a financial asset

Levies: Ageing

	2009 R	2008 R
61 - 90 Days	70 421	391 332
+ 90 Days	1 433 677	1 763 765
Total	1 504 098	2 155 097

Services: Ageing

	2009 R	2008 R
0 - 90 Days	49 022	75 209
+ 90 Days	169 447	1 089 230
Total	218 469	1 164 439

Rates : Ageing

	2009 R	2008 R
0 - 90 Days	2 018	27 105
+ 90 Days	15 480	26 778
Total	17 498	53 883

	2009	2008
	R	R

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2009, R1 458 781.79 (2008: R 7 178 055) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

	2009 R	2008 R
1 month past due	1 168 535	
2 months past due	89 755	
3 months past due	200 492	

Trade and other receivables impaired

As of 30 June 2009, trade and other receivables of R12 920 677 (2008: R 11 365 159) were impaired and provided for.

The ageing of these receivables is as follows:

	2009 R	2008 R
3 to 6 months	150 616	
Over 6 months	12 770 061	

The financial assets have been classified as Loans and receivables at amortised cost.

No discounting was performed due to the short term nature of the receivables. For those receivables with an extended credit, ample allowance for impairment was made.

The fair value of trade and other receivables approximates their carrying amounts.

The RSC Levies are collected by the Nelson Mandela Bay Municipality on a contractual basis.

According to legislation passed during 2004/2005, the collection of RSC levies has been abolished effective 1 July 2006.

Terms of payment for accounts raised are determined in the credit control policy. This policy is exercised with caution when applied to parastatal organisations.

Restatements of 2008 balances:

Levies have been restated with R145 465. (See note 23)

Sundry Debtors have been restated with R32 865 (See note 23)

		2009 R	2008 R
12	**VAT**		
	VAT receivable	17 889 657	4 925 526
	VAT payable	(154 212)	(95 676)
	Net VAT	17 735 445	4 829 850

All VAT returns have been submitted by the due date throughout the year.

VAT is payable on the invoice basis. VAT is paid over to SARS only once payment is received from debtors.

Included in the VAT receivable amount is an amount of R14 752 575.85. This relates to a vat claim processed during the last month of the financial year on flood damage grant funding.

VAT is classified as a financial asset under Loans and receivables

VAT was adjusted with a prior year correction to the amount of R3 013 891

No discounting was performed.

		2009 R	2008 R
13	**DEPOSITS PAID**		
	Deposits - Electricity	5 000	5 000
	Deposits - Parking	9 000	1 620
	Deposits - Rietbron Electricity	500	-
	Deposit: Parking Grace street	810	500
	Deposits - Post Office	6 000	9 000
		21 310	**16 120**

14 CASH AND CASH EQUIVALENTS

The Municipality has the following bank account:

Current Account (Primary Bank Account)

ABSA Limited
32 Govan Mbeki Avenue
Port Elizabeth
Account Number : 1640 000 062 (Current Account)

	2009 R	2008 R
Cashbook balance at the beginning of the year	(6 634 039)	3 872 478
Cashbook balance (overdraft) at the end of the year	(8 473 051)	(6 634 039)
Bank statement balance at the beginning of the year	7 212 625	12 435 889
Bank statement balance at the end of the year	5 127 839	7 212 625
Short Term Investments		
Short Term Deposits		
Cashbook balance at beginning of year	388 119 270	244 534 917
Cashbook balance at end of the year	**416 370 218**	**388 119 270**
Bank statement balance at beginning of the year	388 119 270	244 534 917
Bank statement balance at end of the year	**416 370 218**	**388 119 270**

CACADU DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
Disclosed in the Statement of Financial Position as follows:-		
Cash Book overdraft	(8 473 051)	(6 634 039)
Call Account Deposits	416 370 218	388 165 766
Petty cash	8 100	8 100
Net Cash and cash equivalents	**407 905 267**	**381 539 827**
Balance at the end of the year	407 905 267	381 539 827
Balance at the beginning of the year	381 539 827	248 410 495
Net Increase/(Decrease) in cash and cash equivalents	**26 365 440**	**133 129 332**

The opening bank balance was adjusted with R46 496 as a correction of error.

	2009 R	2008 R
Short -Term investments		
Interest on investments accrued	3 370 218	3 119 270
Short Term Deposits	406 000 000	375 000 000
Short Term Deposits	409 370 218	378 119 270
Call Account Deposits	7 000 000	10 000 000
Total cash investments	416 370 218	388 119 270

Cash and cash equivalents are classified as a financial asset under Loans and receivables at amortised cost.

No discounting was performed due to the short term nature of the cash turnover and the fact that all investments earned interest.

The fair value of cash and cash equivalents approximates their carrying amounts.

No cash deposits were ceded as collateral

The return on investments for 2009 fluctuated between 7.5% and 12.83% (2008: 8.9% and 12.83%).

Allocation of external investments

Surplus cash is invested until used for specific purposes. Investments are allocated on the following basis:-

	2009 R	2008 R
Post employment medical benefit	49 830 455	47 110 017
Conditional Grants and Receipts (Deferred income)	193 137 406	185 355 893
Infrastructure projects from Levies	6 801 029	9 634 806
Accrued leave pay	1 845 924	1 476 447
Unappropraited surplus	164 755 404	144 542 107
Total	**416 370 218**	**388 119 270**

		2009	2008
		R	R
15	**GOVERNMENT GRANTS AND SUBSIDIES**		
	Government Grants		
	Equitable share	57 438 471	48 719 015
	Total Government Grants	57 438 471	48 719 015
	Provincial Subsidies		
	Contribution to Retirement benefits- (Roads pensioners)	3 015 904	2 957 718
	Environmental Health	4 526 388	4 270 178
	Total Provincial Subsidies	7 542 292	7 227 896
	Total Government Grants and Subsidies received	64 980 763	55 946 911
	National/Provincial Government Grant funding (expenditure reimbursement)	96 346 451	104 633 931
	PHB Debtor	535 369	3 688 049
	Sundries	112 632	-
	Direct Transfers -		
	- Ambulance	(304 158)	-
	- Free Basic Services	(1 000)	-
	- Transferred to Health	(1 442 075)	-
	Capital Projects financed from grants	172 175	2 162 940
	Total National/Provincial Government Grants (expenditure reimbursements)	95 419 394	110 484 920
	TOTAL GOVERNMENT GRANTS AND SUBSIDIES	**160 400 157**	**166 431 831**

Equitable share

In terms of the Constitution, this grant is used to subsidise the provision of basic and administrative services to the DMA and Rietbron. The balance is used to supplement the Municipality's revenue as discretionary revenue is insufficient.

DORA

Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

National Treasury: Circular 48

The municipality has received confirmation from National Treasury that no unspent grant money would need to be repaid in respect of the previous financial periods.

Refer appendix F for additional information.

		2009	2008
16	**TOTAL REVENUE:- Includes**		
	Other revenue:		
	Finance charges to funding	-	309 400
	Bad debts recovered	2 068 136	-
	Contribution from Skill Development Fund	174 825	131 406
	Contribution from accumulated surplus	6 269 220	-
	Printing Costs Recovered	589 203	-
	Infrastructure projects funded from Infrastructure Contingency Fund (ICF)	1 143 251	1 376 693
	Insurance claims	94 700	16 783
	Other	835 110	147 314

	2009 R	2008 R
Total Other Revenue	**11 174 445**	**1 981 596**

	2009	2008
	R	R

17 EMPLOYEE RELATED COSTS

17.1 Employee Related Costs

	2009 R	2008 R
Salaries and wages	22 873 953	19 391 127
Social contributions	4 514 218	4 939 850
	27 388 171	**24 330 977**
Remuneration of the Municipal Manager		
Annual Remuneration	729 161	645 058
Car Allowance	156 000	156 000
Performance Bonus	-	120 939
Total short term employee benefits	885 161	921 997
Remuneration of the Director Finance and Corporate Service		
Annual Remuneration	627 693	550 018
Car Allowance	144 000	144 000
Performance Bonus	35 217	115 424
Total short term employee benefits	806 910	809 442
Remuneration of the Manager of Health		
Annual Remuneration	410 578	400 274
Car Allowance	96 000	96 000
Performance Bonus	-	77 850
Total short term employee benefits	506 578	574 124
Remuneration of the Director Planning and Infrastructure Development		
Annual Remuneration	667 411	592 816
Car Allowance	100 000	100 000
Performance Bonus	-	117 246
Total short term employee benefits	767 411	810 062

	2009	2008
	R	R
Remuneration of the Director Economic Development		
Annual Remuneration	646 533	268 620
Car Allowance	140 004	70 002
Total short term employee benefits	786 537	338 622

New Department created. Director employed from 02/01/2008

17.2 Remuneration of Councillors

	2009	2008
Executive Mayor	654 177	518 230
Speaker	465 243	402 600
Mayoral Committee members	2 112 541	1 915 338
Councillors	1 240 330	969 758
Total Councillors' Remuneration	4 472 291	3 805 926
Less: Amounts include in general expenses, which represents cellular telephone	-	-
	4 472 291	**3 805 926**

In-kind Benefits

The Executive Mayor is full-time and with the Mayoral Committee Members is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a Council owned vehicle for official duties.

18 KEY MANAGEMENT PERSONNEL

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Cacadu District Municipality:

Executive Mayor
Speaker
Mayoral Committee members
Councillors
Municipal Manager
Director: Planning and Infrastructure Development
Director: Economic Development
Director: Finance and Corporate Services
Manager: Health Services

Their short term employee benefits are disclosed in note 17.

		2009 R	2008 R
19	**FINANCE COST**		
	Finance leases	131 925	112 739
	Total interest on External Borrowings	**131 925**	**112 739**
20	**BULK PURCHASES**		
	Water purchases -DMA	12 621	13 238
21	**CONDITIONAL GRANTS EXPENDITURE AND OTHER GRANTS AND SUBSIDIES PAID**		
	Expenditure charged against conditional grants		
	Disclosed in the Statement of financial performance:		
	Under Conditional Grant expenditure	93 469 207	106 296 645
	Under Salaries and wages	6 144	278 595
	Under General Expenses	28 193	750 921
	Under Salaries, maintenance and general (Disaster management operating expenses)	1 000 000	1 000 000
	Total Conditional Grants and Subsidies paid	**94 503 544**	**108 326 161**
	For more detail refer Appendix F.		
	Grants and subsidies paid from own and unconditional grant funding:		
	Sundries	3 003 230	178 495
	Kouga Development Agency (KDA)	550 000	500 000
	Environmental Health Subsidies	5 889 964	5 354 505
	Total allocations and grants from own funding.	**9 443 194**	**6 033 000**

22 **CHANGE IN ACCOUNTING POLICY**

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS7 Financial Instruments Disclosure
IPSAS20 Related Party Disclosures
IPSAS21 Impairment of Non-Cash Generating Assets
IAS32 Financial Instruments: Disclosure and Presentation
IAS36 Impairments
IAS39 Financial Instruments: Recognition and Measurement
GRAP4 Foreign Exchange Transactions
GRAP5 Borrowing Costs
GRAP 8 Joint ventures
GRAP9 Revenue from Exchange Transactions
GRAP12 Inventories
GRAP13 Leases
GRAP16 Investment Property
GRAP17 Property, Plant & Equipment
GRAP19 Provisions, Contingent Liabilities and Contingent Assets
GRAP100 Non-Curent Assets Held for Sale
GRAP101 Agriculture
GRAP102 Intangible Assets

	2009	2008
	R	R

	2009	2008
	R	R

IFRS 7 : Financial instruments disclosures

IFRS 7 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the municipality's financial instruments.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements.

Refer individual Receivable and payable note as well as note 36 - Risk management. A summary of the financial instruments are provided in note 8 - Financial instruments.

GRAP 4: The Effects of Changes in Foreign Exchange Rates

The initial application of GRAP 4 will have no impact on the annual financial statements.

GRAP 5 Borrowing Costs

The initial application of GRAP 5will have no impact on the annual financial statements.

GRAP 8: Interests in Joint Ventures

GRAP 8 incorporates guidance adopted from SIC13 on Non-monetary Contributions by ventures issued by the IASB i.e. provisions for accounting for non-monetary contributions to a jointly controlled entity in exchange for an equity interest in the jointly controlled entity that is accounted for using either the equity method or proportionate consolidation. (Par.57-62).

CDM entered in an joint venture with Kouga municipality with the establishment of the Kouga development agency.

The effect of this joint venture will be disclosed in the consolidated statements of CDM.

GRAP 9: Revenue from Exchange Transactions

The definition of revenue in terms of GRAP 9 incorporates the concept of service potential. Revenue is the gross inflow of economic benefits or service potential when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Entities may derive revenue from exchange or non-exchange transactions.
An exchange transaction is one in which the entity receives resources or has liabilities extinguished, and directly gives approximately equal value to the other party in exchange.

Non-exchange revenue transaction is a transaction where an entity receives value from another entity without directly giving approximately equal value in exchange.

	2009	2008
	R	R

An entity recognises revenue when it is probable that economic benefits or service potential will flow to the entity, and the entity can measure the benefits reliably.

GRAP 9 clarifies that this Standard only applies to revenue from exchange transactions.

Other than terminology difference, no affect on initial adoption of Standard on GRAP 9.

The effective date of the standard is for years beginning on or after 01 July 2008.

	2009	2008
	R	R

The municipality has adopted the standard for the first time in the 2009 annual financial statements

The adoption of this standard has not had a material impact on the results of the municipality, but has resulted in more disclosure than would have previously been provided in the annual financial statements

During the 2008/09 financial year the following exemptions, exempted in terms of General notice 552 of 2007, up to 30 June 2008 were reintroduced:

GRAP 13: Leases

GRAP 13 incorporates additional guidance on the concept of substance and legal form of a transaction, to illustrate the difference between lease and other contracts and on operating lease incentives.

In certain circumstances, legislation may prohibit the entering into certain types of lease agreements. If the municipality has contravened these legislative requirements, the municipality is still required to apply the requirements of GRAP 13.

Other than the abovementioned requirements, there is no other impact on the initial adoption of GRAP13.

Finance leases are disclosed in note 2.

GRAP 14: Events after the reporting date

An event, which could be favourable or unfavourable, that occurs between the reporting date and the date the annual financial statements are authorised for issue.

GRAP 14 requires the date of authorisation for issue is the date on which the annual financial statements have received approval from management to be issued to the executive authority or municipal council.

Two types of events can be identified:

those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality shall adjust the amounts recognised in its annual financial statements to reflect adjusting events after the reporting date.

The municipality shall not adjust the amounts recognised in its annual financial statements to reflect non-adjusting events after the reporting date.

The effective date of the standard is for years beginning on or after 01 July 2008.

The municipality has adopted the standard for the first time in the 2009 annual financial statements.

IPSAS 21: Impairment of Non-Cash Generating Assets

The method of measurement of value in use of a non-cash generating asset under this Standard is different to that applied to a cash generating asset.

Asset should be measured by reference to the present value of the remaining service potential of the asset.

	2009	2008
	R	R

This Standard does not require entities to apply an impairment test to property, plant and equipment carried at revalued amounts.

The municipality has adopted the standard for the first time in the 2009 annual financial statements

Non-cash generating asset impairment mainly consist of movable assets that are redundant or broken and are part of the amount as disclosed on note 6 regarding assets that are retired from active use.

The impact of the standard is not material.

	2009	2008
	R	R

GRAP 3 -Accounting policies, changes in accounting estimates and errors

Exemption - Identification and impact of GRAP standards that have been issued but are not yet effective (GRAP 3.30 – 31)

Refer note 44 where each standard not yet effective and its impact on CDM is discussed.

GAMAP 9 - Revenue

Exemption- The entire standard as far as it relates to measurement at fair value.

GAMAP 9 was largely replaced by GRAP 9 - Revenue from exchange transactions but the portion relating to the exemption, namely the discounting of the value of extended credit past the normal credit terms, are the same for GRAP 9.

The municipality impaired, by crediting an allowance for impairment, its receivables that will classify as extended credit and therfore no discounting was performed.

GRAP 16

GRAP 16 was introduced at 1 July 2008 retrospectively. CDM accepted the exemptions up to 30 June 2008 regarding the disclosure of investment properties. Investment properties, consisting mostly of rental properties and agricultural farming properties, have been identified. The following transactions occured.

	2009	2008
Carrying value of Property, Plant and Equipment as reported on at 30 June 2008		58 755 605
Prior year adjustments.		(619 945)
Transferred to Investment Properties		(3 583 000)
Adjusted PPE after GRAP 16 was introduced.		**54 552 660**
Carrying value of Property, Plant and Equipment as at 30 June 2009	83 885 717	
Transferred to Investment Properties 2008	(3 583 000)	
Transferred to Investment Properties	(9 996 500)	
Adjusted PPE after GRAP 16 was introduced	**70 306 217**	-
Carrying value of Investment Properties as reported on at 30 June 2008		
Transferred from PPE		3 583 000
Adjusted Investment Property account after GRAP 16 was introduced		**3 583 000**
Adjusted Investment Property account at 30 June 2008	3 583 000	
Transferred from PPE in 2009	9 996 500	
Carrying value of Investment Properties at 30 June 2009	**13 579 500**	

Refer note 6 and note 7

IAS 39 - Financial Instruments measurement

Financial instruments are initially measured at cost and as the classification for all financial assets are Loans and receivable and financial liabilities at amortised cost.
Due to reasons as disclosed on the notes to these instruments there were no effect on the financial statements except for addisional disclosures.

	2009	2008
	R	R

GRAP 17-Property plant and equipment

GAMAP 17 Exemption:- Impairment of non- cash generating assets

GAMAP 17 has been replaced by GRAP 17 as from 1 July 2008. The principles of impairment has been applied as per IPSAS 21- Impairment of non cash generating assets and IAS 36- Impairment of cash generating assets.

IAS 36 (AC 128) - Impairment of assets

Exemption:- Entire standard.

The only cash generating assets that CDM controls are properties that generates a rental and these properties were tested for impairment and no impairment were calculated for 2008/2009

GAMAP 12 - Inventories

Exemption:- - The entire standard to the extent that it relates to water stock that was not purchased by the municipality

The only waterstock will be at Rietbron but is not material enough to warrent disclosure.

23 RESTATEMENT OF PRIOR YEAR ERRORS

Adjustments to surplus opening balance 2007:

	2009	2008
Levies adjusted		112 536
Straight line rental income		41 651
Deferred Income grants- Restructuring portion ring fenced for relocation of Cacadu head office adjusted		15 000 000
Net effect on the Accumulated surplus account		**15 154 187**

Adjustments to surplus opening balance 2008:

During the year under review it was discovered that:

	2009	2008
Sundry creditors - Adjusting incorrect allocations prior years		27 346
Fixed asset corrections		(619 945)
Medical aid correction		400
Prior year expenditure correction - printing & stationary		(3 951)
Prior year expenditure correction - SALGA subscriptions		(13 144)
Interest incorrectly allocated prior years - free basic services		63 014
Sundry debtors general- Rates and services - CDM		(9 641)
VAT - corrections i.r.o prior years		3 013 891
Leases capitalised adjusted		177 910
Vehicle written off		(56 700)
Insurance proceeds		87 433
Correction on Gain of sale		(53 957)
Conditional grant adjustment		21 654
Creditors Infrastructure balances transferred		1 574 366
UIF correction		177

	2009 R	2008 R
Net effect on the Accumulated surplus account		**4 208 853**
The net effect of the restatements were as follows:		
2007		
Debtors (Net decrease)		154 187
Deferred income - Unspent grants		15 000 000
Net Increase of accumulated surplus		**15 154 187**

	2009 R	2008 R
2008		
Comparatives		
Creditors		1 601 712
Deferred income - Unspent grants		21 654
Bank (Net increase)		46 496
Property, Plant and Equipment		(619 945)
VAT		3 013 891
Debtors (Net decrease)		(32 865)
Long term liabilities		177 910
Net Increase of accumulated surplus		**4 208 853**
Total net increase of unappropraited surplus		**19 363 040**

The comparative and current amounts have been appropriately restated. The effect of the errors are as follows:

	2008 Restated	2008 As Previously stated
Revenue	196 214 773	196 205 716
Rental	855 266	855 266
Investment Interest	22 437 022	22 374 008
Other Interest	185 382	185 382
Income for agency services	26 994	26 994
Government grants and subsidies	166 431 831	166 431 831
Tariffs and Charges	205 861	205 861
Property Rates	28 488	28 488
Other revenue	1 981 596	1 981 596
Actuarial gain on valuation of post retirement benefits	1 146 337	1 146 337
Gains on disposal of property, plant and equipment	2 915 996	2 969 953
Expenditure	179 761 345	179 744 649
Employee related costs	24 330 977	24 331 377
Remuneration of Councillors	3 805 926	3 805 926
Contribution to bad debt provision	7 930 583	7 930 583
Collection costs	156 550	156 550
Depreciation	2 523 414	2 523 414
Repairs and maintenance	650 826	650 826
Finance Costs	112 739	112 739
Bulk services	13 238	13 238
Contracted services	2 514 672	2 514 672
Conditional Grant expenditure	106 296 645	106 296 645
Other Grants and Subsidies paid	6 033 000	6 033 000
General expenses-other	19 746 221	19 729 126
Discounting of post retirement benefit obligation	4 494 833	4 494 833
Loss on disposal of property, plant and equipment	1 106 965	1 106 965
Cross subsidisation	44 756	44 756
Surplus for the year	16 453 428	16 461 067

The effect of the error on accumulated surplus is as follows:

Changes on operating accounts 2008	(7 639)	
Changes directly on Statement of changes to net assets 2008	4 216 492	

	2009	2008
	R	R
Changes directly on Statement of changes to net assets 2007	15 154 187	
Net changes to accumulated surplus	19 363 040	

		2009 R	2008 R
24	**CASH GENERATED FROM / (UTILISED BY) OPERATIONS**		
	Net surplus for the year	21 495 157	16 461 066
	Adjustment for:-		
	Depreciation	3 505 353	2 523 414
	Loss on disposal of property, plant and equipment	-	1 106 965
	Gain on disposal of property, plant and equipment	(3 833 770)	(1 146 337)
	Gain on Actuarial valuation for post employment medical benefits	-	(2 969 953)
	Discounting of post employment medical benefit obligation	5 472 548	4 494 833
	Service cost	164 492	139 388
	Contributions	(6 699 865)	7 930 583
	Investment income	(42 961 352)	(22 559 390)
	Finance cost	131 925	112 739
	Operating surplus before working capital changes:	**(22 725 512)**	**6 093 308**
	(Increase)/Decrease in Inventories	-	-
	(Increase)/Decrease in Accounts Receivable	(7 504 364)	(6 012 029)
	(Increase)/Decrease in Deposits	(5 190)	1 600
	Increase/(Decrease) in Conditional Grants and Receipts	22 792 989	-
	Increase/(Decrease) in Accounts Payable	(5 333 483)	9 457 019
	Working capital changes	**9 949 952**	**3 446 590**
	Cash generated/(utilised) by operations	**(12 775 560)**	**9 539 898**
	CASH AND CASH EQUIVALENTS		
	Bank	(8 473 051)	(6 634 039)
	Short term investments	416 370 218	388 165 766
	Cash	8 100	8 100
		407 905 267	**381 539 827**

25 **EXTERNAL LOANS RECONCILIATION**

Cacadu District Municipality has external loans in the form of finance leases. Refer Appendix A

26 **CONTINGENT LIABILITY**

	2009	2008
A possible liability exists in respect of group life insurance claims that have been rejected by the insurers. This litigation process is still on going.	-	450 000
A possible liability exists in respect of an obligation in terms of a development and construction contract. The pleadings in the case have not yet closed	476 632	-
A possible liability exists in respect of damages relating to the death of a minor who fell and drowned in a hole that had been excavated on a construction site.	178 310	-
There is a possible liability in respect of AIG South Africa Limited on behalf of Zuurberg Mountain Inn. Allegations are made that the municipality failed to effectively extinguish fires in the area which resulted in damage. No summons has been received to date.	35 300 000	-
	35 954 942	450 000

		2009	2008
		R	R

27 CONTINGENT ASSETS

A possible asset in respect of Input VAT claimable, subject to a SARS investigation, existed at year-end. At year-end, the result of the SARS investigation was not known. As a result, it was not virtually certain that the amount would be received.

	2009	2008
	-	2 198 485

28 UNAUTHORISED EXPENDITURE

No unauthorised expenditure was incurred in the current and previous financial years.

29 IRREGULAR, FRUITLESS AND WASTEFULL EXPENDITURE

No irregular, fruitless or wasteful expenditure was incurred in the current and previous financial years.

30 ADDITIONAL DISCLOSURES IN TERMS OF THE MUNICIPAL FINANCE MANAGEMENT ACT

30.1 Contributions to SALGA

	2009	2008
Opening balance	-	-
Council subscriptions	291 920	157 511
Amount paid - current year	(291 920)	(157 511)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	-	-

30.2 Audit fees

	2009	2008
Opening balance	-	67 744
Current year audit fee	1 132 108	1 254 985
Amount paid - current year	(1 132 108)	(1 254 985)
Amount paid - previous years	-	(67 744)
Balance due (included in debtors)	**-**	**-**

30.3 PAYE and UIF

	2009	2008
Opening balance	9 714	6 292
Current year payroll deductions	7 678 656	6 384 672
Amount paid - current year	(7 678 294)	(6 374 958)
Amount paid - previous years	(9 714)	(6 292)
Balance unpaid (included in debtors)	**362**	**9 714**

The balance represents PAYE and UIF paid to SARS on behalf of employees

	2009 R	2008 R
30.4 Pension and Medical Aid Deductions		
Opening balance	(50 391)	(50 491)
Current year payroll deductions and Council Contributions	2 911 501	2 516 436
Amount paid - current year	(2 911 601)	(2 516 336)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	**(50 491)**	**(50 391)**

31 CAPITAL COMMITMENTS

No capital commitments existed during the year.

32 OPERATING COMMITMENTS

Operating leases - as lessee (expense): Photostat and facsimile machines

	2009	2008
Minimum future lease payments due		
-within one year	-	170 362
-second to fifth year inclusive	-	-
Total	-	170 362

All operating lease contracts have expired within the current financial year.

Photostat machines classified under operating leases during the prior year, has been restated and capitalised as finance leases. Comparitives have heen restated.

33 POST EMPLOYMENT BENEFIT INFORMATION

33.1 Post- Employment Medical Benefit

Provision is made for post employment medical benefits in the form of health care plans for eligible employees and pensioners.

33.2 Retirement Fund Benefits

Employees and Council contribute to the Cape Joint Retirement Funds on the basis of a fixed contribution which is charged against income as incurred.

34 IN-KIND DONATIONS AND ASSISTANCE

No in-kind donations and assistance were made during the year

35 AGENCY FUNCTIONS

The District Municipality provides Primary Health Care services on an agency basis on behalf of the Eastern Cape Health department. During the financial year the council has resolved to terminate the agreement. The process has been initiated, but it is considered to be a lengthy process. The hand over is considered to be at an undetermined future date.

	2009	2008
	R	R

36 RISK MANAGEMENT

36.1 Liquidity risk

The Municipality's risk to liquidity is a result of the funds available to cover future commitments. The Municipality manages liquidity through an ongoing review of future commitments and credit facilities.

Stringent cash management procedures are in place. These include cash flow forecasting.

The following table details the entity's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the entity can be required to pay. The table includes both estimated interest and principal cash flows.

	2009 R	2008 R
Trade payables		
1-3 months	11 664 500	16 106 992
> 3 months	-	-
Other payables		
1-3 months	75 208	76 265
> 3 months	8 646 953	9 536 887
	20 386 661	**25 720 144**

36.2 Interest rate risk

The current account and the call account expose the municipality to cash flow interest rate risk. Deposits attract interest at a rate that varies according to the prime banking rate.

The municipality manages this interest rate risk by ensuring that all surplus funds are invested in fixed rate instruments and by maintaining the minimum possible balance in the current account.

36.3 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and debtors. The Municipality only deposits cash with banks which have an equity above R 10 billion with a good credit rating.

Significant concentration of credit risk is the outstanding RSC levy and Department of Housing (Housing Scheme) receivables.

Management believes that the Allowance for impairment adequately addresses the credit risk involved.

37 ACTUAL OPERATING EXPENDITURE VERSUS BUDGETED OPERATING EXPENDITURE

Refer to Appendix E (1) for the comparison of actual operating expenditure versus budgeted operating expenditure.

	2009	2008
	R	R

38 ACTUAL CAPITAL EXPENDITURE VERSUS BUDGETED CAPITAL EXPENDITURE

Refer to Appendix E (2) for the comparison of actual capital expenditure versus budgeted capital expenditure.

39 EVENTS AFTER THE REPORTING DATE

None

40 COMPLIANCE WITH CHAPTER 11 OF THE MUNICIPAL FINANCE MANAGEMENT ACT

The Municipality has adopted a Supply Chain Management policy with effect from 1 January 2006 in accordance with the Act and applicable regulations. However, the Municipality has experienced difficulties in populating a comprehensive supplier database which is due to a poor response from potential suppliers. As a result the application of the regulations have not been fully implemented.

41 RELATED PARTIES

Kouga Development Agency

The Kouga Development Agency (KDA) was established as a multi- jurisdictional service utility in terms of the Local Government Systems Act, 2000 in 2004 in a joint venture between the Cacadu District Municipality and the Kouga Local Municipality .

KDA, funded by the parent municipalities and the Industrial Development Corporation, aims to leverage public and private resources for development around opportunities which offer investment, employment, economic and development potential in the Kouga area.

CDM has made a contribution of R550 000 during the current financial year (2008: R500 000) towards the operating costs of KDA.

No other transaction was enterred into with KDA.

Post employment medical aid benefit plan

The municipality, as part of the conditions of service of employees, keep on contributing its portion of the contributing members to medical aid funds at the retirement of these employees for as long as this member is alive and contributing his or her portion.

The medical aid schemes involved are as follows:

- Bonitas
- Hosmed / Key Health
- L A Health
- Samwumed

Transactions with these schemes amounted to R2 911 501 (2008: R2 516 436)

Councillors and employees

Councillors and employees have declared no interest or gain in or from any transaction entered into with CDM by any organisation or business.

	2009	2008
	R	R

42 KEY SOURCES OF ESTIMATED UNCERTAINTIES

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

	2009	2008
	R	R

43 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of CDM's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgements

In the process of applying the municipality's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements

Bridging funding for housing projects is judged to be virtually irrecoverable from the Department of Provincial Housing due to problems locating and obtaining "happy letters" from participants in these projects. The amount of R8 026 342 (2008: R8 608 281) was included in the provision for bad debts.

RSC levy debtors is judged to be 75 % irrecoverable due to legislative problems in recovering the outstanding amounts and the abolition of the Act, therefore provision was made for R1 433 677, (2008: R1 499 315) on the allowance for doubtful debt.

It is judged that service receivables from Rietbron are virtually irrecoverable due to the unemployment and poverty of the community and R161 519 (2008: R 1 117 309) was provided for as allowance for doubtful debt.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Post Employment Medical Benefit

The cost of post employment medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, medical aid inflation rate, future salary increases, mortality rates and future medical aid premiums, future subsidies payable to defendants, working life time of employees, gender and spouse assumptions and child dependence and withdrawals. Such estimates are subject to significant uncertainty relating actuarial assumptions. The net employee liability at 30 June 2009 is R49 830 455 (2008: R47 110 017). Further details are given in Note 4.

The effective interest rate for discounting was estimated at 0.5% less than prime.

	2009	2008
	R	R

Useful lives

The estimates and associated assumptions are based on the historical experience and management estimations of conditions. Limited changes were made to the useful lives of property, plant and equipment, as management mainly assessed that the estimated useful lives in the prior years, are still estimated to be appropriate.

Residual values

Residual values of property, plant and equipment are based on the nature of the assets, quotes obtained from suppliers and management estimation of condition. No changes were made to the useful lives of property, plant and equipment, as management assessed that the estimated residual values determined in the prior year, remained appropriate.

44 STANDARDS OF GRAP ISSUED BUT NOT YET EFFECTIVE

The following standards has been issued but is not yet effective:

GRAP 18: Segment reporting
GRAP 21: Impairment of non cash generating assets
GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)
GRAP 24: Presentation of budget information in the financial statements
GRAP 26: Impairment of cash generating assets
GRAP 103: Heritage assets

The possible effect of the application of these standards if initially introduced

GRAP 18: Segment reporting

As CDM is mainly in a supporting function to the municipalities within its jurisdiction the application of this standard is not expected to have a major impact on the accounting procedures and disclosures.

GRAP 21: Impairment of non cash generating assets

A major portion of CDM's assets are non cash generating of nature and appliction of this standard will have an effect on the presentation of assets. But as there is no real major changes to applying IPSAS 21 the impact is not antisipated to be severe.

GRAP 23: Revenue from Non exchange transactions (Taxes and Transfers)

A major portion of CDM's revenue consist out of grants (transfers) and this standard has been practically adopted and applied as for as it relates to grants. No problems are antisipated to introduce this standard.

GRAP 24: Presentation of budget information in the financial statements

The effect on the financial statements at introducing this standard does not seem to be serious as most of it is already applied or the information readily available.

GRAP 26: Impairment of cash generating assets

	2009	2008
	R	R

The biggest problem here would seem to be the identification of such assets as the definition differ from IAS 36 and the GRAP 26 statement. The application does not differ greatly from IAS 36.

GRAP 103: Heritage assets

Currently no heritage assets were identified for CDM

6 PROPERTY, PLANT AND EQUIPMENT	Infrastructure	Community	Other	Total
	R	R	R	R
2008/09				
Restated carrying value at 30 June 2008	**216 748**	**8 367 729**	**45 968 183**	**54 552 660**
Asset value	443 147	8 367 730	56 156 986	64 967 863
Cost	443 147	19	20 248 338	20 691 504
Revaluation	-	8 367 711	36 528 593	44 896 304
Prior year errors			(619 945)	(619 945)
Accumulated Depreciation	(226 399)	(1)	(10 188 803)	(10 415 203)
- Based on cost	(226 399)	(1)	(9 216 415)	(9 442 815)
- Based on revaluation	-	-	(972 388)	(972 388)
Additions	**-**	**-**	**3 742 767**	**3 742 767**
Cost	-	-	3 742 767	3 742 767
Depreciation for the year	**(40 409)**	**-**	**(3 464 944)**	**(3 505 353)**
- Based on cost	(40 409)	-	(3 464 944)	(3 505 353)
- Based on revaluation	-	-	-	-
Carrying value of disposals	**-**	**-**	**872 978**	**872 978**
Asset value			(4 405 081)	(4 405 081)
Cost	-	-	(4 405 081)	(4 405 081)
Accumulated depreciation			5 278 059	5 278 059
- Based on cost	-	-	4 259 480	4 259 480
- Based on revaluation		-	1 018 579	1 018 579
Revaluation at 30 June 2009	-	**4 216 770**	**10 426 395**	**14 643 165**
Reversal of previous accumulated depreciation	-	-	1 018 579	1 018 579
Revaluation at 30 June 2009	-	4 216 770	9 407 816	13 624 586
Carrying value at 30 June 2009	**176 339**	**12 584 499**	**57 545 379**	**70 306 217**
Asset value	443 147	12 584 500	65 921 067	78 948 714
Cost	443 147	19	18 966 079	19 409 245
Revaluation	-	12 584 481	46 954 988	59 539 469
Accumulated Depreciation	(266 808)	(1)	(8 375 688)	(8 642 497)
- Based on cost	(266 808)	(1)	(8 421 879)	(8 688 688)
- Based on revaluation	-	-	46 191	46 191

Carrying amount of property, plant and equipment retired from active use amounts to R1 076 773.79. These items of PPE might be disposed of in 2009/10.

The carrying value of properties are measured at fair value as these properties were taken on at fair value and not at cost. The carrying value of these properties if measured under the cost model could not be calculated.

Refer appendix B for more detail

	Infrastructure	Community	Other	Total
2007/08	**R**	**R**	**R**	**R**
Restated Carrying value at 30 June 2007	**254 257**	**8 367 729**	**50 672 369**	**59 294 355**
Asset value	443 147	8 367 730	58 664 475	67 475 352
Cost	443 147	19	16 807 744	17 250 910
Revaluation	-	8 367 711	41 856 731	50 224 442
Accumulated Depreciation	(188 890)	(1)	(7 992 106)	(8 180 997)
- Based on cost	(188 890)	(1)	(7 353 471)	(7 542 362)
- Based on revaluation	-	-	(638 635)	(638 635)
Additions	-	-	3 837 298	3 837 298
Cost	-	-	3 837 298	3 837 298
Depreciation	(37 509)	-	(2 485 905)	(2 523 414)
-Cost	(37 509)	-	(2 075 868)	(2 113 377)
-Revaluation	-	-	(410 037)	(410 037)
Carrying value of disposals/transfer to inventory	-	-	(1 852 634)	(1 852 634)
Asset value			(2 141 842)	(2 141 842)
Revaluation transfer to current asset	-	-	(1 745 138)	(1 745 138)
Cost	-	-	(396 704)	(396 704)
Accumulated depreciation			289 208	289 208
Accumulated Depreciation - cost			212 924	212 924
Accumulated Depreciation - revaluation			76 284	76 284
Revaluation at 30 June 2008	-	-	-	-
Carrying value at 30 June 2008	**216 748**	**8 367 729**	**50 171 128**	**58 755 605**
Asset value	443 147	8 367 730	60 359 931	69 170 808
Cost	443 147	19	20 248 338	20 691 504
Revaluation	-	8 367 711	40 111 593	48 479 304
Accumulated Depreciation	(226 399)	(1)	(10 188 803)	(10 415 203)
- Based on cost	(226 399)	(1)	(9 216 415)	(9 442 815)
- Based on revaluation	-	-	(972 388)	(972 388)

Carrying amount of property, plant and equipment retired from active use amounts to R37 463. These items of PPE might be disposed of in 2008/09.

The change in accounting estimate, as a result of the revision of useful lives and residual values, amounted to R180 873

Refer Appendixes B and C for more detail on property, plant and equipment.

7 INVESTMENT PROPERTY

(Carried at fair value)	Property rented out R	Property held for capital appreciation R	Total R
2008/09			
Balance 30 June 2008	-	-	-
Change in accounting policy (note 22)		3 583 000	3 583 000
Restated balance 30 June 2008	**-**	**3 583 000**	**3 583 000**
Acquisitions	-	-	-
Fair value adjustment	-	10 328 500	10 328 500
Fair value of disposals	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-
Transfers	-	-	-
Other movements	-	(332 000)	(332 000)
Balance 30 June 2009	**-**	**13 579 500**	**13 579 500**

8 FINANCIAL INSTRUMENTS

Financial instruments are classified into the following categories:

Financial assets: Loans and receivables
Financial liabilities: At amortised cost

The classification of financial instruments is determined at initial recognition based on the purpose for which the financial assets are acquired or liabilities assumed.

2009

Assets	Loans and receivables R	Non financial assets R	Total R
Property, Plant and Equipment	-	70 306 217	70 306 217
Investment Properties	-	13 579 500	13 579 500
Long-term Receivables	54 566	-	54 566
Short-term Portion of Long-term Receivables	17 971	-	17 971
Trade and other receivables from exchange transactions	67 067	-	67 067
Other receivables from non-exchange transactions	1 715 670	2 811	1 718 481
Deposits	-	21 310	21 310
Vat	17 735 445	-	17 735 445
Cash and Cash Equivalents	407 905 267	-	407 905 267
	427 495 986	83 909 838	511 405 824

Liabilities	Measured at amortised cost R	Non financial liabilities R	Total R
Long-term Liabilities	42 195	-	42 195
Post employment medical benefit	-	49 830 455	49 830 455
Short-term Portion of Deferred Income	193 137 406	-	193 137 406
Short-term Portion of Long Term Liabilities	52 392	-	52 392
Taxes and transfers payable (non-exchange)	11 705 907	8 680 754	20 386 661
Provisions	-	150 716	150 716
	204 937 900	58 661 925	263 599 825
Net assets		247 805 999	247 805 999
	222 558 086	(222 558 086)	-

2008

Assets	Loans and receivables R	Non financial assets R	Total R
Property, Plant and Equipment	-	54 552 660	54 552 660
Investment Properties	-	3 583 000	3 583 000
Long-term Receivables	102 947	-	102 947
Short-term Portion of Long-term Receivables	15 660	-	15 660
Trade and other receivables from exchange transactions	130 758	-	130 758
Other receivables from non-exchange transactions	6 408 022	648 000	7 056 022
Deposits	-	16 120	16 120
VAT receivable	4 829 850	-	4 829 850
Cash and Cash Equivalents	381 539 827	-	381 539 827
	393 027 064	58 799 780	451 826 844

Liabilities	Measured at amortised cost R	Non financial liabilities R	Total R
Post employment medical benefit	-	47 110 017	47 110 017
Short-term Portion of Deferred Income	170 344 420	-	170 344 420
Short-term Portion of Long Term Liabilities	122 679	-	122 679
Taxes and transfers payable (non-exchange)	16 153 577	9 566 567	25 720 144
	186 620 676	56 676 584	243 297 260
Net assets		208 529 584	208 529 584
	206 406 388	(206 406 388)	-

	2009 R	2008 R
Loans and receivables at amortised cost		
Opening balance	393 027 064	259 478 437
Net other movements	34 468 922	133 548 627
Closing balance	427 495 986	393 027 064
Financial liabilities at amortised cost		
Opening balance	186 620 676	66 513 570
Net other movements	18 317 224	120 107 106
Closing balance	204 937 900	186 620 676

APPENDIX A

CACADU DISTRICT MUNICIPALITY AND JOINT VENTURE: SCHEDULE OF FINANCE LEASES AS AT 30 JUNE 2009

EXTERNAL LOANS	LOAN NUMBER	REDEEMABLE DATE	BALANCE AT 30/06/2008	NEW LEASE CONTRACTS	PAYMENTS MADE DURING THE YEAR	FINANCE CHARGES FOR THE YEAR	REDEEMED WRITTEN OFF DURING THE PERIOD	BALANCE AT 30/06/2009	NET BOOK VALUE OF FINANCE LEASES	SHORT TERM PORTION	PRESENT VALUE OF FUTURE MIN PAYMENTS - WITHIN 2 - 5 YEARS
			R	R	R	R	R	R	R	R	
LEASE LIABILITY											
Vehicle finance lease - DHN 456 EC	1	2009/04/03	32 569	-	44 859	12 290	-	-	-	-	-
Vehicle finance lease - DHM 454 EC	2	2009/04/03	32 569	-	44 859	12 290	-	-	-	-	-
Vehicle finance lease - DHF 730 EC	3	2009/02/27	29 463	-	41 830	12 367	-	-	-	-	-
Vehicle finance lease - DHD 277 EC	4	2009/02/24	30 290	-	55 643	25 353	-	-	-	-	-
Vehicle finance lease - DHD 723 EC	5	2009/02/23	22 641	-	32 091	9 450	-	-	-	-	-
Vehicle finance lease - DHM 433 EC	6	2009/04/03	32 569	-	44 880	12 311	-	-	-	-	-
Vehicle finance lease - DHD 245 EC	7	2009/02/23	30 290	-	38 686	8 396	-	-	-	-	-
Vehicle finance lease - DHN 631 EC	8	2009/02/20	34 159	-	47 940	13 781	-	-	-	-	-
Vehicle finance lease - DHD 254 EC	9	2009/02/24	29 360	-	38 368	9 008	-	-	-	-	-
Vehicle finance lease - DHD 725 EC	10	2009/02/24	26 678	-	43 357	16 680	-	-	-	-	-
Sub total - Vehicle finance leases			300 589	-	432 513	131 925	-	-	-	-	-
Photostat Machine - Gestetner	11	2009/09/30	68 919	-	64 486	10 116	-	14 549	22 469	14 549	-
Photostat Machine - Panasonic	12	2012/04/30	-	46 051	3 070	482	-	43 463	44 612	13 559	29 904
Photostat Machine - Panasonic	13	2011/09/30	26 670	-	12 490	5 206	-	19 386	3 757	18 793	593
Photostat Machine - Sharp	14	2012/02/28	22 418	-	9 655	4 426	-	17 189	2 857	5 490	11 699
			418 596	46 051	522 214	152 155	-	94 587	73 695	52 391	42 196

APPENDIX B

CACADU DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT AS AT 30 JUNE 2009

CLASSIFICATION	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE	BUDGET ADDITIONS 2009
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE		
INFRASTRUCTURE										
Electricity infrastructure	280 254	-	-	280 254	145 930	24 663	-	170 593	109 661	-
Land	-	-	-	-	-	-	-	-	-	-
Water	162 893	-	-	162 893	80 469	15 746	-	96 215	66 678	-
	443 147	-	-	443 147	226 399	40 409	-	266 808	176 339	-
COMMUNITY										
Land	8 367 730	4 216 770	-	12 584 500	-	-	-	-	12 584 500	-
	8 367 730	4 216 770	-	12 584 500	-	-	-	-	12 584 500	-
OTHER										
Bins and containers	10 820	-	-	10 820	9 017	721	-	9 738	1 082	-
Buildings	24 642 769	6 208 273	(7 401 564)	23 449 478	1 042 881	25 020	(1 018 579)	49 322	23 400 156	300 000
Computer equipment	5 666 374	340 784	(1 806 914)	4 200 244	4 265 317	710 024	(1 806 914)	3 168 427	1 031 817	423 000
Furniture and fittings	1 424 745	152 962	(161 365)	1 416 342	366 109	225 112	(161 365)	429 856	986 486	344 500
Land	18 432 570	21 730 730	-	40 163 300	-	-	-	-	40 163 300	-
Motor vehicles	5 826 511	2 361 679	(2 113 482)	6 074 708	2 502 385	1 914 487	(1 967 880)	2 448 992	3 625 716	3 060 000
Office equipment	1 132 090	174 506	(106 884)	1 199 712	707 891	206 383	(106 885)	807 389	392 323	373 000
Specialised plant and equipment	2 131 804	223 998	(212 436)	2 143 366	1 265 609	310 591	(212 436)	1 363 764	779 602	2 100 000
Specialist vehicles	526 471	488 838	(4 000)	1 011 309	198 306	72 606	(4 000)	266 912	744 397	-
	59 794 154	31 681 770	(11 806 645)	79 669 279	10 357 515	3 464 944	(5 278 059)	8 544 400	71 124 879	6 600 500
TOTAL PROPERTY, PLANT AND EQUIPMENT	**68 605 031**	**35 898 540**	**(11 806 645)**	**92 696 926**	**10 583 914**	**3 505 353**	**(5 278 059)**	**8 811 208**	**83 885 718**	**6 600 500**
INCLUDED IN THE ABOVE: **INVESTMENT PROPERTY**	**3 583 000**								**13 579 500**	

APPENDIX C

CACADU DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
30 JUNE 2009

FUNCTIONAL AREA CLASSIFICATION	COST				ACCUMULATED DEPRECIATION				CARRYING VALUE
	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	OPENING BALANCE	ADDITIONS	DISPOSALS	CLOSING BALANCE	
Executive and Council	2 395 812	924 909	(503 723)	2 816 998	1 141 589	620 648	(503 723)	1 258 513	1 558 485
Finance and Administration	58 678 272	32 960 896	(9 369 423)	82 269 745	5 951 599	588 483	(2 840 837)	3 699 246	78 570 499
Planning and Development	2 354 506	148 918	(134 258)	2 369 166	1 142 047	452 363	(134 258)	1 460 152	909 014
Health	524 954	-	(524 954)	-	162 741	362 213	(524 954)	-	-
Housing	61 321	1 353	-	62 674	39 081	9 573	-	48 655	14 019
Public safety	3 867 324	1 862 463	(1 274 287)	4 455 500	1 761 862	1 407 434	(1 274 287)	1 895 010	2 560 490
Road Transport	266 003	-	-	266 003	156 553	19 845	-	176 398	89 606
Water	191 586	-	-	191 586	95 262	20 131	-	115 393	76 193
Electricity	265 254	-	-	265 254	133 179	24 663	-	157 842	107 412
Total	**68 605 031**	**35 898 539**	**(11 806 645)**	**92 696 926**	**10 583 914**	**3 505 353**	**(5 278 059)**	**8 811 208**	**83 885 717**

APPENDIX D
CACADU DISTRICT MUNICIPALITY: SEGMENTAL INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
3 534 895	16 554 902	(13 020 007)	Executive and Council	6 647 312	38 153 149	(31 505 837)
80 886 492	36 148 429	44 738 062	Finance and Administration	106 584 626	22 650 155	83 934 471
6 295 249	13 380 086	(7 084 837)	Planning and Development	13 715 605	26 515 780	(12 800 175)
5 814 357	8 829 509	(3 015 152)	Health	87 153	983 639	(896 486)
2 047 892	2 092 958	(45 066)	Community and Social services	3 462 834	3 456 878	5 956
3 876 309	4 346 156	(469 847)	Housing	698 442	410 374	288 068
3 680 583	5 154 238	(1 473 655)	Public safety	5 252 689	12 495 141	(7 242 452)
1 223 593	2 005 693	(782 100)	Sport and Recreation	536 902	536 902	-
88 276	6 110	82 166	Waste Management	82 216	7 755	74 461
3 713 179	3 713 179	-	Waste Water Management	222 542	222 542	-
79 004 450	80 379 823	(1 375 373)	Road Transport	68 535 553	71 191 066	(2 655 513)
5 965 610	6 641 062	(675 452)	Water	8 377 117	9 740 391	(1 363 274)
81 026	145 461	(64 435)	Electricity	41 272	134 986	(93 714)
2 862	363 739	(360 877)	Other	1 452 111	7 692 516	(6 240 405)
196 214 773	179 761 345	16 453 428	Total	215 696 374	194 191 274	21 505 100

APPENDIX E(1)

CACADU DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009

REVENUE	Actual 2009	Budget 2009	Variance R	Variance %	Explanation of Significant Variances Greater than 10% versus Budget
Regional Services Levy- Turnover	-	240 000	240 000	-	RSC Levies abolished
Regional Services Levy- Remuneration	-	120 000	120 000	-	RSC Levies abolished
Rental	863 853	820 000	(43 853)	5	n/a
Investment Interest	42 737 659	21 826 052	(20 911 607)	96	Reserves and interest rates higher than expected during the year
Other Interest	223 693	111 000	(112 693)	102	Interest in outstanding levy debt higher than expected
Income for agency services	27 193	28 000	807	-3	n/a
Government grants and subsidies	160 400 157	217 150 152	56 749 995	-26	Slow project expenditure
Tariffs and Charges	227 562	250 600	23 038	-9	n/a
Property Rates	30 869	30 000	(869)	3	n/a
Other income	11 174 445	27 164 465	15 990 020	-59	Contribution from a surplus not utilitised and budgeted contributions from creditor funds not utilised
Gains on disposal of property, plant and equipment	1 000	-	(1 000)	100	Income not expected and therefore not included in the budget
Total Income	215 686 431	267 740 269	52 053 838	-19	
EXPENDITURE					
Employee related costs	27 388 171	34 916 800	7 528 629	-22	Vacant positions not filled
Remuneration of Councillors	4 472 291	4 553 299	81 008	-2	n/a
Contribution to bad debt provision	1 555 518	1 232 710	(322 808)	26	Higher than expected amount provided for RSC levies, not written off.
Bad debts written off	1 423 769	1 600 000	176 231	-11	Lower than expected debts written off
Collection costs	119 132	100 000	(19 132)	19	Linked to collection rate of RSC Levies
Depreciation	3 505 353	2 104 300	(1 401 053)	67	Recalculation of depreciation based on revised useful live of assets
Repairs and maintenance	1 033 339	2 894 200	1 860 861	-64	Repairs to office buildings lower than expected
Finance cost	131 925	916 500	784 575	-86	Finance charges on leased vehicles budget under General Exp - leases
Bulk Purchases	12 621	25 000	12 379	-50	Less than expected water purchased (drought).
Contracted services	3 115 212	4 021 000	905 788	-23	Savings
Conditional Grant expenditure	93 469 207	149 813 252	56 344 045	-38	Slow expenditure on projects
Other Grants and Subsidies paid	9 443 194	9 629 900	186 706	-2	n/a
General expenses-other	43 048 996	55 933 308	12 884 312	-23	Savings in general expenditure and slow expenditure on self funded projects
Discounting of post retirement benefit obligation	5 472 548	-	(5 472 548)	100	Unplanned cost. Not included in budget
Total Expenditure	194 191 276	267 740 269	73 548 993	-27	
NET SURPLUS/(DEFICIT) FOR THE YEAR	**21 495 155**	**-**	**(21 495 155)**		